UNITED
NATIONS

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General Assembly

Distr.
GENERAL

A/50/890
12 March 1996

ORIGINAL: ENGLISH

Fiftieth session
Agenda item 132

FINANCING OF THE UNITED NATIONS OBSERVER MISSION IN GEORGIA

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/50/731/Add.1) on the financing of the United Nations Observer Mission in Georgia (UNOMIG) during the 12-month period from 1 July 1996 to 30 June 1997. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. UNOMIG was established by the Security Council in its resolution 858 (1993) of 24 August 1993 for an initial period of six months. The mandate of UNOMIG has been revised and extended by the Security Council in subsequent resolutions, the latest of which, resolution 1036 (1996) of 12 January 1996, extended the mandate from 13 January 1996 until 12 July 1996.

3. The report of the Secretary-General on the financing of UNOMIG (A/50/731/Add.1) is the first submission to be reviewed by the Advisory Committee that was prepared on the basis of a new format of budget submissions for peace-keeping operations, and to a large extent it reflects the comments and observations made by the Advisory Committee in the course of its consideration of the mock-up budget for a single peace-keeping operation (A/50/319). The Advisory Committee notes and welcomes several improvements in the format of the budget submission for the financing of UNOMIG, compared with the format of the mock-up budget. For example, annex III.C to the report of the Secretary-General on the financing of UNOMIG, which contains the monthly breakdown of resources, is much more concise than the corresponding annex in the mock-up budget. At the same time the Advisory Committee believes that the format of peace-keeping budgets should be further improved and rationalized. The specific comments and observations of the Advisory Committee that address the question of budget format of peace-keeping operations are contained in several paragraphs below.

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4. In parts II and III of his report (A/50/731/Add.1), the Secretary-General describes the political mandate of UNOMIG, as approved by the Security Council in its resolution 937 (1994), and the operational plan and requirements that derive from the political mandate. As reflected in paragraph 4 of the report of the Secretary-General, the current mandate of UNOMIG provides for an authorized strength of 135 military observers and a Chief Military Observer. The development of the military strength authorized by the Security Council is reflected in annex I to the report.

5. Paragraphs 16 to 21 of the report contain a description of special programmes implemented by UNOMIG, i.e., humanitarian assistance and promotion of human rights. The Advisory Committee points out that the report does not contain any information on resource requirements relating to the implementation by UNOMIG of the special programmes, nor does it provide a description of the existing mechanism of coordinating these activities among UNOMIG and United Nations agencies and programmes. Upon inquiring, the Advisory Committee was informed that UNOMIG did not provide any staff, vehicles, equipment or communication facilities to any of the specialized programmes operating in Georgia. The Advisory Committee recommends that concise information on resource requirements relating to the implementation by UNOMIG of special programmes, as well as a description of the existing mechanism of coordinating such activities, be included in the next budget submission for the financing of UNOMIG.

6. Section IV, "Financial administration", of the report contains information on the financial period (part A), resources made available and operating costs for the period from 7 August 1993 to 30 June 1996 (part B), status of assessed contributions (part C) and voluntary contributions (part D). The Advisory Committee points out that table 1 in part B represents, essentially, a summary of annex VI of the same document. The Advisory Committee sees no reason for maintaining similar information in two parts of the budget submission and it recommends, therefore, that such information be consolidated and reflected in a single table of future budget submissions for peace-keeping operations.

7. The Advisory Committee notes from paragraphs 25 to 28 of the report that voluntary contributions have been made or pledged in support of activities of UNOMIG. The proposed budget does not include, however, a provision for UNOMIG activities to be funded from voluntary contributions. Therefore, in accordance with the current budget methodology, the proposed budget for UNOMIG cannot be regarded as estimates reflecting the full cost of the Mission. The Advisory Committee was informed, upon inquiry, that at the time of budget preparation, the value of in-kind voluntary contribution (an aircraft) from the Government of Switzerland had not yet been determined. In the absence of information in this regard, the Advisory Committee believes that the Standard Cost Manual could be used to determine the estimated value of in-kind contributions. The Advisory Committee recommends that efforts be made to apply consistently the methodology of preparing the budgets of peace-keeping operations on a full cost basis. Furthermore, the Advisory Committee recalls and reiterates its recommendation in paragraph 46 of its report in document A/49/664 that "the Secretary-General should develop an improved presentation of voluntary contributions and a description and cost estimates of activities financed from voluntary contributions and other sources".

8. The Advisory Committee notes from paragraph 30 of document A/50/731/Add.1 that the status of the UNOMIG agreement between the Government of Georgia and the United Nations became effective on 15 October 1994. The Advisory Committee recommends that the next budget submission for UNOMIG include information on the estimated value of any contribution to the Mission under the status of the UNOMIG agreement.

9. In section VII of his report, the Secretary-General estimates the cost of UNOMIG for the 12-month period from 1 July 1996 to 30 June 1997 at $17,115,300 gross ($15,995,400 net). Supplementary information on the cost estimates is provided in annexes II, III and V to document A/50/731/Add.1.

10. As indicated in the executive summary of the report of the Secretary-General, the cost estimate of $17.1 million gross provides for a strength of 135 military observers and 139 civilian staff (64 international and 75 local) and reflects "a moderate increase over the prior period". The explanation of major changes in the cost estimates from the prior period is contained in paragraphs 37 to 39 of the report.

11. As reflected in paragraph 36 of the report, some 58 per cent of the total estimate of $17.1 million is based on standard cost ratios and costs contained in the Standard Ratio/Cost Manual, while 42 per cent of the estimates reflects mission specific requirements. The Advisory Committee points out that the Manual was not provided to the Advisory Committee when it started reviewing the budget submission for UNOMIG. The Advisory Committee trusts that, in the future, the Manual will be provided to the Advisory Committee on time. Furthermore, the Advisory Committee recommends that explanations of mission specific requirements, which are currently reflected in the right column of annex III.A, be presented in a more transparent format, possibly as a footnote, especially when the text is too long for the column space of the table.

12. The Advisory Committee notes from paragraph 37 of the report that a provision for civilian staff costs reflects the elimination of the 10 per cent turnover factor "as the Mission is expected to be fully deployed during this period". The Advisory Committee was informed, upon inquiry, that the current vacancy rate in the Mission is approximately 10 per cent. The Advisory Committee was also informed that the Mission had in the past a vacancy rate of about 10 per cent. In these circumstances the Advisory Committee believes that 5 per cent of the turnover factor, rather than zero, would be a more realistic assumption for estimating civilian staff costs of the Mission. The consequential reduction in the cost estimates would be $417,800.

13. The Advisory Committee notes from paragraph 38 of the report that although the total number of civilian staff is the same as for the prior period, the proposed staffing table reflects a substitution of one P-3 and one P-2 posts for one P-4 and one P-3 posts, respectively. Annex V to the report provides a breakdown of the current and proposed staffing table by organizational units. The Advisory Committee has no objection to the proposed changes in the staffing table for UNOMIG; however, these changes should have been explained in the text of the report of the Secretary-General.

14. As indicated in footnote e/ to annex III.C to the report, a hazardous duty station allowance of $902.05 per person per month is budgeted for international staff and an equivalent of 20 per cent of their annual salary is budgeted for this for local staff. The Advisory Committee was informed, upon inquiry, that the current rates of hazardous duty station allowance for international staff, which are in effect as of 1 March 1995, reflect an increase compared with the previous level of $867 per person per month. The Advisory Committee also notes from annex III.A to the report that salaries of local staff were increased effective 1 June 1995, which would result in a corresponding increase in hazardous duty station allowance. The Advisory Committee points out that any changes in staff entitlements and allowances should have been explained in detail and it recommends that this should be done in all future budget submissions for peace-keeping operations. The Advisory Committee also recalls and reiterates its observation in paragraph 22 of its report contained in document A/48/900 that any payment relating to hazardous duty station allowance should be made in accordance with the relevant rules and regulations of the United Nations.

15. Annex II to document A/50/731/Add.1 provides a breakdown of the cost estimates for the period from 1 July 1996 to 30 June 1997 by object line and by recurrent and non-recurrent costs. The Advisory Committee believes that for comparison purposes the budget figures for the previous period reflected in the annex should have also been broken by recurrent and non-recurrent items. The Advisory Committee recommends that this should be done in future budget submissions for peace-keeping operations.

16. The Advisory Committee notes that the budget submission for UNOMIG does not contain an explanation of significant increases in requirements for several objects of expenditure, e.g., travel of staff, rental of premises, maintenance supplies, spare parts, repairs and maintenance, petrol, oil and lubricants, etc. The Advisory Committee recommends that significant deviations (10 per cent and more) from previous budget requirements be explained and justified in the budget submissions for peace-keeping operations.

17. The Advisory Committee raised several questions and made the following comments and observations with regard to information contained in annex III.E to document A/50/731/Add.1:

(a) Rations. The Advisory Committee was informed, on inquiry, that a recurrent provision of $42,000 was estimated on the basis of requirements for ration packs for 200 persons during 30 days at a cost of $7 per pack; the rations are to be held in reserve for emergency use by the Mission. The Advisory Committee believes that to provide emergency food rations for a contingent of 200 people during the whole period of 30 days might not be the most efficient solution in an emergency situation. The Advisory Committee requests, therefore, that the Secretary-General review this matter and take necessary measures with a view to reducing the cost of rations;

(b) Official travel. In response to its query as to why no provision was made for an internal audit, the Advisory Committee was informed that at the time of the budget preparation, information on an internal audit had not been made available. It is now envisaged, however, that an internal audit will take

place during the first half of 1997 and the related travel cost, estimated at $4,800, will be accommodated from the overall proposed provision of $140,000 for travel of staff. The Advisory Committee was also informed that a provision of $45,100 had been made for an external audit, which was planned for October/November 1996;

(c) Purchase of vehicles. The Advisory Committee notes that four new vehicles are proposed for purchase for the Office of the Deputy Special Envoy, the proposed staffing table of which provides for five staff in the Professional category and above. The Advisory Committee is not convinced that this ratio is justified. Furthermore, the Advisory Committee does not believe that heavy terrain vehicles, such as jeep 4 x 4s, should be replaced at an average mileage of about 60,000 miles (98,000 kilometres). The Advisory Committee inquired whether it was possible to transfer vehicles from other peace-keeping operations or from the United Nations Logistics Base at Brindisi. The Advisory Committee was informed that at the time of the preparation of the budget submission for UNOMIG no such vehicles were available, with the exception of one heavy sedan from ex-United Nations Assistance Mission for Rwanda (UNAMIR), should the Mission wind down and the equipment be released from the country. In view of the above, the Advisory Committee recommends that the need for vehicles in UNOMIG be reviewed once again, taking into account, inter alia, the most recent developments in peace-keeping operations and their future requirements and that in future the need be met mostly, when possible and economically feasible, through the transfer from other peace-keeping missions, or from the United Nations Logistics Base at Brindisi;

(d) Miscellaneous other services. The proposed provision of $120,000 reflects a growth of $21,400 compared with the previous budget of $98,600 and includes an estimated cost of $108,000 for bank charges calculated as 1.5 per cent of the average estimated monthly remittance of $600,000. The Advisory Committee was informed that the provision for bank charges would cover the monthly cost of a courier service for the delivery of cash ($5,000) and the monthly cost of insurance of the shipment of banknotes ($4,000). In addition, as reflected in paragraph 2 of annex III to the report, the lack of adequate banking facilities in the area of operation necessitated the inclusion of a provision of $42,000 under official travel for travel of staff for banking and procurement transactions. The Advisory Committee notes from paragraph 42 of the report that "efforts are ongoing to develop more secure and cost-effective payment mechanisms, including a reduction in the number and value of transactions that are effected in cash". The Advisory Committee welcomes these efforts and trusts that their results will be reflected in the next report of the Secretary-General on the financing of UNOMIG. The Advisory Committee was informed that the bulk of requirements in cash related primarily to the payment of monthly subsistence allowance. Although the Advisory Committee was informed that operational procedures were in place to ensure physical safety of cash, it would welcome all efforts that could contribute to a better cash management and to a reduction in cash dependence. In this connection, the Advisory Committee would welcome efforts of the Secretary-General to explore, within the framework of existing United Nations rules and procedures, ways and means of paying monthly subsistence allowance in forms that could reduce the need for cash. In the meantime, the Advisory Committee recommends that the proposed provision for

miscellaneous services be approved at the previously budgeted level, i.e., $98,600;

(e) Public information. The Advisory Committee was informed during its deliberations that the public information activities of UNOMIG were not limited to distribution of printed material, as indicated in the budget submission. Upon inquiry, the Advisory Committee was informed that the Head of Mission had established two teams, one at Sukhumi and the other at Tbilisi, comprising a political affairs/information officer, a military information officer, local information consultants and local interpreters, to monitor on a daily basis, translate and analyse the information gathered for the preparation of daily situation reports, reports of the Security Council and a press digest. The equipment purchased - televisions, shortwave radios, video cassette recorders and tape recorders - were used for the information gathering/analysing activity. The Advisory Committee trusts that the Secretary-General will ensure that the public information activities of UNOMIG remain within the mandate authorized by the Security Council and that the next budget submission for UNOMIG will reflect a full and detailed description of such activities.

18. The Advisory Committee points out that the usual provision has not been included for payment to the support account. The Advisory Committee notes that the Secretary-General is proposing a new funding mechanism for the support account for peace-keeping operations in his report in document A/50/876. The Advisory Committee was informed that had the support account provision been included in the budget submission for UNOMIG, it would have amounted to $657,700.

19. In paragraph 43 of document A/50/731/Add.1, the Secretary-General outlines the actions that appear needed to be taken by the General Assembly at its resumed fiftieth session in connection with the financing of UNOMIG. The Advisory Committee recommends approval of the Secretary-General's proposal that the General Assembly appropriate an amount of $7,606,650 gross for the period from 13 January to 30 June 1996, already authorized and assessed under the terms of General Assembly resolution 49/231 B of 12 July 1995 and decision 50/449 of 22 December 1995. Furthermore, in the view of its recommendations and observations in paragraphs 12 and 17 (d) above, the Advisory Committee recommends that the Assembly appropriate an amount of $16,676,100 gross for the maintenance of UNOMIG during the 12-month period from 1 July 1996 to 30 June 1997, to be assessed at a monthly rate of $1,389,670 gross, subject to the extension of the Mission by the Security Council.